

P-500, 415/CP-93-1240 ORDER REQUIRING COST STUDIES AND PROPOSED RATES

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Don Storm
Tom Burton
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Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of a Petition for Extended Area
Service From New Munich to Melrose and
Greenwald

ISSUE DATE: September 16, 1994

DOCKET NO. P-500, 415/CP-93-1240

ORDER REQUIRING COST STUDIES AND
PROPOSED RATES

PROCEDURAL HISTORY

On November 22, 1993, customers in the New Munich exchange of Albany Mutual Telephone Company (Albany) filed a petition with the Commission received a petition requesting extended area service (EAS) to the local calling area of Melrose and Greenwald exchanges, both of the Melrose Telephone Company (Melrose).

On December 10, 1993, the Minnesota Department of Public Service (*the Department) requested traffic information .

On January 12, 1994, Albany filed a traffic study.

On March 22, 1994, the Department filed comments .

On March 25, 1994, the Commission issued its ORDER ADOPTING STIMULATION FACTOR AND REQUIRING COST STUDIES AND PROPOSED RATES.

On June 15, 1994, Albany filed two additional months of traffic data.

On June 24, 1994, the Department filed a letter indicating that the traffic criterion is met.

On August 30, 1994, the Commission met to consider this matter.

FINDINGS AND CONCLUSIONS

I. Statutory Requirements

Minn. Stat. § 237.161 (1992) requires the installation of an EAS route when three criteria are met:

1. the petitioning exchange is contiguous or adjacent to an exchange or local calling area to which EAS is requested in the petition;
2. at least 50 percent of the customers in the petitioning exchange make one or more calls per month to the exchange or local calling area to which EAS is requested, as determined by a traffic study; and
3. polling by the Commission shows that a majority of the customers responding to a poll in the petitioning exchange favor its installation, unless all parties and the Commission agree that no polling is necessary.

A. Adjacency

The official exchange maps on file with the Department pursuant to Minn. Stat. § 237.16, subd. 2 (1992) show that the New Munich exchange shares a boundary with the Melrose/Greenwald local calling area (LCA). For that reason, New Munich meets the adjacency requirement with respect to the petitioned LCA. See Minn. Stat. § 237.161, subd. 1 (a) (1) (1992).

B. Traffic

The statute requires that one or more calls be made to the petitioned calling area by at least half of the customers in the petitioning exchange. Albany filed traffic studies showing that over 50 percent of the New Munich subscribers made one or more calls per month from New Munich to the Melrose/Greenwald LCA.

The Commission finds that the traffic from New Munich to the Melrose/Greenwald LCA exceeds one call per month for more than 50 percent of New Munich subscribers and, as such, is sufficient to meet the statutory traffic requirement.

C. Polling

The EAS statute's third and final requirement is that polling of New Munich subscribers must show that there is sufficient subscriber support for the proposed route. Before proceeding to poll New Munich subscribers, however, the Commission will determine EAS rates for the New Munich exchange and make that information available to New Munich subscribers as part of the balloting process.

In preparation to set these rates, the Commission will require the affected telephone companies¹ to file cost studies and proposed rates for EAS between New Munich and the Melrose/Greenwald LCA. In their cost studies and calculating proposed rates, the companies will be required to meet parameters set forth in the Ordering Paragraph 1.

Following receipt of this information, recommendations by the Department, and final comments by the parties, the Commission will set the EAS rates and proceed to polling.

¹ The affected telephone companies in this matter are Melrose and Albany.

ORDER

1. Within 60 days of this Order, Albany Mutual Telephone Company (Albany) and Melrose Telephone Company (Melrose) shall file cost studies and proposed rates. The cost study methodologies shall be consistent with previous Commission decisions for non-metropolitan area EAS routes; the cost studies shall also indicate the method of apportionment between Melrose and Greenwald and the reasons that method was chosen.
4. The proposed rates shall show the petitioning exchange bearing 75 percent, 60 percent and 50 percent of the EAS revenue requirement.
5. Within 45 days following the filing of cost studies and proposed rates by the companies, the Minnesota Department of Public Service (the Department) shall file a report and recommendation concerning the proposed rates . If the Department recommends any changes to the cost studies or proposed rates, it shall file the new proposed rates assuming a 75 percent, 60 percent, and a 50 percent allocation to the petitioning exchange. The Department's report shall also address the possible revenue apportionments between Melrose and Greenwald.
6. Parties shall have 20 days to respond to the Department's report.
7. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

(S E A L)